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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS**DOCKETED**

JEFF HATCH-MILLER, Chairman
 WILLIAM A. MUNDELL
 MARC SPITZER
 MIKE GLEASON
 KRISTIN K. MAYES

SEP 30 2005

DOCKETED BY

CAK

IN THE MATTER OF THE COMPLAINT OF
 MOHAVE ELECTRIC COOPERATIVE, INC.
 AGAINST UNISOURCE ENERGY
 CORPORATION AND UNS ELECTRIC, INC.

DOCKET NO. E-01750A-04-0798
 DOCKET NO. E-04204A-04-0798
 DOCKET NO. E-04230A-04-0798

IN THE MATTER OF THE APPLICATION OF
 UNS ELECTRIC, INC. FOR AN ORDER
 APPROVING A TRANSFER OF A PORTION OF
 A CERTIFICATE OF CONVENIENCE AND
 NECESSITY FROM MOHAVE ELECTRIC
 COOPERATIVE, INC.

DOCKET NO. E-01750A-04-0824
 DOCKET NO. E-04204A-04-0824

DECISION NO. 68178**OPINION AND ORDER**

DATE OF HEARING:

August 2, 2005

PLACE OF HEARING:

Phoenix, Arizona

ADMINISTRATIVE LAW JUDGE:

Dwight D. Nodes

APPEARANCES:

Mr. Thomas H. Campbell, LEWIS & ROCA,
 LLP, on behalf of UNS Electric, Inc.;

Mr. William P. Sullivan, CURTIS, GOODWIN,
 SULLIVAN, UDALL & SCHWAY, on behalf
 of Mohave Electric; and

Mr. Jason Gellman Staff Attorneys, Legal
 Division, on behalf the Utilities Division of the
 Arizona Corporation Commission.

BY THE COMMISSION:

* * * * *

Having considered the entire record herein and being fully advised in the premises, the
 Commission finds, concludes, and orders that:

FINDINGS OF FACT

1. On November 5, 2004, Mohave Electric Cooperative, Inc. ("Mohave") filed with the

1 Arizona Corporation Commission ("Commission") a Complaint in Docket No. E-04230A-04-0798
 2 ("Complaint Docket") against UniSource Energy Corporation ("UniSource") alleging, among other
 3 things, that UniSource has improperly refused to provide wholesale service to Mohave under an Open
 4 Access Transmission Tariff ("OATT"), and that UniSource refused to negotiate in good faith a
 5 system-wide border area agreement with Mohave. Mohave is a not for profit rural electric
 6 cooperative that provides electric service in portions of Mohave, Yavapai, and Coconino counties.
 7 Mohave claimed in its Complaint that UniSource's actions have rendered Mohave unable to provide
 8 electric service in an economically feasible manner to a customer, Central Trucking, Inc. ("CTI"),
 9 which seeks to construct a building to conduct business in Mohave's certificated service area¹.

10 2. On November 15, 2004, UNS Electric, Inc. ("UNS") filed with the Commission an
 11 application in Docket Nos. E-04204A-04-0824 and E-01750A-04-0824 ("Transfer Dockets") seeking
 12 to have territory that was previously within the certificated service territory of UNS' predecessor,
 13 Citizens Utilities Company ("Citizens"), "revert" to UNS². Mohave currently holds the Certificate of
 14 Convenience and Necessity ("CC&N") for the territory that is in dispute, and in which CTI's
 15 property is located, pursuant to Decision No. 58798 (October 14, 1994)³. UNS concedes that the
 16 disputed territory is currently within Mohave's CC&N area, but contends that Mohave was granted
 17 the portion of the service area in question solely for the purpose of serving a specific customer, North
 18 Star Steel Company ("North Star"), which is no longer in business. UNS argued that because the
 19 disputed area was previously served by Citizens, and North Star Steel is no longer in business, the
 20 CC&N area in which CTI is located should revert to UNS as Citizens' successor in interest.

21 3. On November 29, 2004, UNS filed an Answer to the Complaint and Motion for
 22 Dismissal. UNS denied the material allegations in the Complaint and argued that the Complaint

23 ¹ Mohave claimed that it had agreed to provide service to CTI upon payment of approximately \$600,000, which is the
 24 cost for Mohave to extend its facilities to CTI's location.

25 ² UNS is a subsidiary of UniSource that provides electric service in Mohave County. UNS acquired the Certificate of
 Convenience and Necessity of Citizens' Mohave Electric Division pursuant to Decision No. 66028 (July 3, 2003).

26 ³ In Decision No. 58798, the Commission transferred the portion of Citizens' CC&N to Mohave described in that Order
 27 and stated that the transferred CC&N area "shall not revert to Citizens Utilities Company under any circumstances
 28 without prior Commission approval" (*Id.* at 6). The CC&N in question encompasses an area of approximately 1,000
 acres near the McConnico interchange of I-40, approximately 5 miles south of Kingman, Arizona. The CC&N contains
 an idle manufacturing plant owned by Nucor, which was originally owned and operated by North Star Steel, located east
 of I-40, and the site now owned by CTI east of I-40, on which CTI is constructing a trucking terminal (UNS Ex. 1, at 3-
 4).

1 should be dismissed because Mohave is attempting to have the Commission approve a new rate
2 outside of a rate case, and because borderline agreements should be established on a case-by-case
3 basis to accommodate specific customer situations.

4 4. Mohave filed a Response to UNS' Motion for Dismissal on January 3, 2005. Mohave
5 contends that a system-wide borderline agreement would provide uniform guidelines between the two
6 companies upon a showing that such an agreement is in the public interest. Mohave also argues that
7 its Complaint does not seek a rate increase but is instead asking for authority to recover any increased
8 costs associated with serving a single customer through a specific surcharge mechanism. Mohave
9 claims that the Commission has jurisdiction to hear and resolve the allegations raised in the
10 Complaint and requests that the Motion for Dismissal be denied.

11 5. On January 31, 2005, the Commission issued an Emergency Order for Provision of
12 Electric Service ("Emergency Order") (Decision No. 67535). In the Emergency Order, the
13 Commission directed UNS to immediately provision electric service to CTI, on an interim basis, until
14 the issues raised in the above-captioned dockets could be resolved. Decision No. 67535 stated that
15 the provision of interim service by UNS would not prejudice any claims or arguments that either
16 UNS or Mohave would raise in the dockets.

17 6. By Procedural Order issued February 18, 2005, UNS' Motion to Dismiss was denied,
18 a hearing was scheduled for August 2, 2005, and other procedural deadlines were established.

19 7. By Procedural Order issued June 7, 2005, a revised procedural schedule was set for
20 filing testimony in order to allow the parties additional time to pursue settlement discussions.

21 8. On June 15, 2005, Mohave and UNS filed a Stipulation and Proposed Resolution
22 ("Stipulation" or "Settlement").

23 Terms of the Settlement Agreement

24 9. Pursuant to the Settlement Agreement, UNS and Mohave request that the Commission
25 issue a Decision that provides as follows:

- 26 1. Contingent upon UNS' payment to Mohave of \$48,070⁴ for
27 facilities previously installed by Mohave, the portion of Mohave's

28 ⁴ The \$48,070 was determined by taking the cost of the facilities (\$67,400) depreciated on a straight-line basis with a 25-year remaining life using a 35-year life span.

CC&N granted in Decision No. 58798 would be transferred to UNS, with the exception of the Nucor plant site⁵;

2. Approval of the transfer of the Mohave facilities to UNS;
3. Transfer of the Nucor plant site to UNS, without the need for a further Commission Order, the earlier of (emphasis original):
 - a. December 31, 2010; or
 - b. On the date specified by Mohave in a written notification to UNS and the Commission's Director of Utilities that the customer's electric needs no longer can be met by the existing Mohave contractual arrangements, with written notification to be provided not less than 6 calendar months prior to the date specified in the written notice; and
4. Dismissal, with prejudice, all issues raised in Mohave's Complaint and UNS' Application as they relate to the Nucor site, and that the dismissal will have no precedential effect beyond the Nucor site.

10. On June 24, 2005, UNS filed the Direct Testimony of Thomas Ferry (UNS Ex. 1) and Mohave filed the Direct Testimony of Aaron Stallings (MEC Ex. 1) in support of the Settlement.

11. On July 22, 2005, Staff filed its Staff Report recommending approval of the proposed Stipulation.

12. The hearing was held as scheduled on August 2, 2005. At the hearing, Mr. Stallings and Mr. Ferry testified in support of the Settlement. Staff's witness, Prem Bahl, testified regarding Staff's findings and recommended approval of the Stipulation.

13. UNS has facilities on the CTI site, and its existing CC&N surrounds the area. UNS currently serves several customers in areas immediately adjacent to the CTI location. The UNS facilities that traverse the area include two 69 kV transmission lines, which originate at the Griffith transmission substation south of the area and the Hilltop transmission substation north of the area. The substations are interconnected to the Western Area Power Administration ("WAPA") and provide most of the electrical power for UNS' Kingman District (UNS Ex. 1, at 5). UNS currently serves the CTI location from local area distribution lines, and its witness stated that UNS could establish a delivery point at the McConnico transmission substation to serve the load currently served

⁵ The area to be initially transferred is described in Exhibit A attached to this Decision. The legal description for the Nucor plant site, which will be transferred later, is attached hereto as Exhibit B. Exhibit A is the same as the Legal Descriptions attached to Decision No. 58798 as 'F-2' and 'F-3'.

1 by Mohave at the Nucor plant site. As set forth in the Settlement, the CC&N for the Nucor site
2 would transfer from Mohave to UNS under terms established in the agreement. With respect to the
3 facilities installed by Mohave to serve the CTI property, UNS witness Thomas Ferry testified that the
4 facilities will be useful to UNS and the price established in the Stipulation (\$48,070) is reasonable.
5 UNS believes that Stipulation is a reasonable resolution of the issues raised in this proceeding and
6 will allow UNS to continue to serve CTI and any new customers in the area, as well as the Nucor site
7 in the future (Id. At 6).

8 14. Mohave witness Aaron Stallings also supports adoption of the Stipulation. He
9 testified that Mohave's proposed sale of various facilities that were installed approximately 10 years
10 ago⁶ were valued at \$48,070 based on the original book value less 10 years of depreciation. Mr.
11 Stallings stated that both Mohave and UNS believe their positions have merit, but the proposed
12 settlement reflects a resolution of the issues without establishing a precedent regarding the disputed
13 issues, and avoids the expenditure of significant resources participating in contested hearings and
14 possible appeals. Mr. Stallings testified that the proposed resolution provides all customers, existing
15 and prospective, with ready access to an electric service provider. He described other benefits of the
16 Stipulation as: continuation of service by Mohave to the Nucor site until the end of 2010; receipt of
17 fair value by Mohave for the facilities being sold to UNS; and the ability to readily integrate those
18 facilities by UNS into its existing system.

19 15. In the Staff Report, Staff agreed that the Stipulation should be approved as a
20 reasonable resolution of the issues raised in these dockets. However, Staff recommends that Nucor or
21 its successor should be provided notice at least 6 months prior to the transfer of service from Mohave
22 to UNS, and that a copy of the notice be filed with Docket Control within 30 days of notice being
23 provided to Nucor or its successor (Ex. S-1, at 4). At the hearing, UNS and Mohave agreed to
24 comply with this condition (Tr. 10, 14).

25 ...

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27 _____
28 ⁶ The facilities being purchased by UNS under the terms of the Settlement consist of approximately one mile of
distribution lines, including a transformer and appurtenant facilities (MEC Ex. 1, at 2).

1 Conclusion

2 16. We believe that the Stipulation represents a reasonable resolution of the disputed
3 issues raised in the above-captioned dockets and, subject to compliance with the notice provision
4 recommended by Staff, the Settlement is in the public interest and should be approved. We commend
5 UNS and Mohave for seeking an amicable solution regarding these previously contentious issues, and
6 we trust that both parties will continue to work together to provide electrical service in the area in a
7 manner that is in the best interests of current and future customers. Accordingly, the Stipulation shall
8 be approved.

9 CONCLUSIONS OF LAW

10 1. Mohave Electric Cooperative, Inc. and UNS Electric, Inc. are public service
11 corporations within the meaning of Article XV of the Arizona Constitution and A.R.S. §§40-246, 40-
12 281, 40-282 and 40-285.

13 2. The Commission has jurisdiction over Mohave and UNS, and the subject matter of the
14 above-captioned Complaint and Transfer Dockets.

15 3. The proposed Stipulation filed by Mohave and UNS represents a reasonable resolution
16 of the issues raised by the parties in the above-captioned dockets, and approval of the Settlement is in
17 the public interest.

18 ORDER

19 IT IS THEREFORE ORDERED the Stipulation and Proposed Resolution filed by Mohave
20 Electric Cooperative, Inc. and UNS Electric, Inc. is reasonable and shall be approved.

21 IT IS FURTHER ORDERED that, contingent upon UNS' payment to Mohave of \$48,070 for
22 facilities previously installed by Mohave, the portion of Mohave's CC&N described in Exhibit A
23 attached to this Decision (*i.e.*, the portion granted in Decision No. 58798, with the exception of the
24 Nucor plant site) shall be transferred to UNS.

25 IT IS FURTHER ORDERED that the Mohave facilities identified in the Stipulation shall be
26 transferred to UNS in accordance with the terms of the Settlement.

27 IT IS FURTHER ORDERED the Nucor plant site, described in Exhibit B to this Decision,
28 shall be transferred to UNS, without the need for a further Commission Order, the earlier of

1 December 31, 2010 or the date specified by Mohave in a written notification to UNS and the
2 Commission's Director of Utilities that the customer's electric needs no longer can be met by the
3 existing Mohave contractual arrangements, with written notification to be provided not less than 6
4 calendar months prior to the date specified in the written notice.

5 IT IS FURTHER ORDERED that all issues raised in Mohave's Complaint and UNS'
6 Application as they relate to the Nucor site, shall be dismissed, with prejudice.

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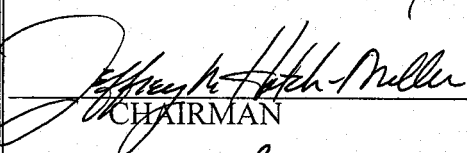
27 ...

28 ...

IT IS FURTHER ORDERED that, in accordance with Staff's recommendation, Mohave shall provide written notice to Nucor, its successor in interest, or the then-current owner of the current Nucor site discussed herein, at least 6 months prior to the transfer of the CC&N from Mohave to UNS pursuant to the terms of the Stipulation. A copy of such notice shall be filed with Docket Control as a "Compliance Item" in the above-captioned dockets within 30 days after providing the required notice to Nucor, its successor in interest, or the then-current owner of the current Nucor site discussed herein.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.


CHAIRMAN

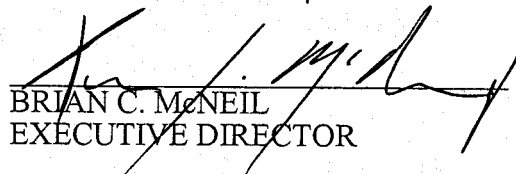

COMMISSIONER


COMMISSIONER


COMMISSIONER


COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 30th day of Sept., 2005.


BRIAN C. McNEIL
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____

1 SERVICE LIST FOR:

MOHAVE ELECTRIC COOPERATIVE, INC. and
UNS ELECTRIC, INC.

2
3 DOCKET NOS.:

E-01750A-04-0798, E-04204A-04-0798, E-04230A-04-
0798, E-01750A-04-0824, and E-04204A-04-0824

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EXHIBIT A

Page 1 of 3

LEGAL DESCRIPTION "F-2":

A parcel of land located in Section 9, Township 20 North, Range 17 West of the Gila and Salt River Meridian, Mohave County, Arizona and said parcel of land being more particularly described as follows:

BEGINNING at the Northeast Corner of said Section 9, and running thence, South 00° 02' 37" East, along the East Line of said Section 9, a distance of 2641.22 feet to the East One-quarter (E1/4) Section Corner of said Section;

Thence, South 00° 04' 12" East, along the East Line of said Section, 2641.10 feet to the Southeast Corner of said Section;

Thence, South 89° 53' 24" West, along the South Line of said Section, 2641.30 feet to the South One-quarter (S1/4) Section Corner of said Section;

Thence, North 00° 14' 58" West, along the North-South Centerline of said Section 9, a distance of 1322.35 feet to the Southeast Corner of the NE1/4 SW1/4 of said Section;

Thence, North 89° 58' 42" West, along the South Boundary of said NE1/4 SW1/4, a distance of 1322.60 feet to the Southwest Corner of said NE1/4 SW1/4;

Thence, North 00° 15' 34" West, along the West Boundary of said NE1/4 SW1/4, a distance of 1296.96 feet to point being 100.00 feet Southeasterly at a right angle to the Centerline of the East bound main track of the Atchison, Topeka and Santa Fe Railway Company;

Thence, North 25° 07' 10" East, along a line being 100.00 feet Southeasterly and parallel to the Centerline of the East bound main track of said Atchison, Topeka and Santa Fe Railway Company, a distance of 2944.27 feet to a point on the North Line of said Section 9;

Thence, North 89° 54' 55" East, along said North Line, 61.36 feet to the Northwest corner of the NW1/4 NE1/4 of said Section 9;

Thence, South 00° 14' 58" East, along the West Boundary of said NW1/4 NE1/4, a distance of 1320.52 feet to the Southwest corner of said NW1/4 NE1/4;

Thence, North 89° 57' 55" East, along the South Boundary of said NW1/4 NE1/4, a distance of, 1327.06 feet to the Southeast corner thereof;

Thence, North 00° 09' 08" West, along the East Boundary of said NW1/4 NE1/4, 1320.56 feet to the Northeast corner of said NW1/4 NE1/4 of said Section 9;

Thence, North 89° 57' 48" East, along the North Line of said Section 9, a distance of 1329.83 feet to the POINT OF BEGINNING.

The parcel of land herein described containing 362.93 acres, more or less.

EXHIBIT A

Page 2 of 3

LEGAL DESCRIPTION "F-3":

A parcel of land located in Government Lots 9 and 10 and the South Half of Section 5, Township 20 North, Range 17 West of the Gila and Salt River Meridian, Mohave County, Arizona and said parcel of land being more particularly described as follows:

Commencing at the Southeast Corner of said Section 5, and running thence, North 89° 47' 47" West, along the South Line of said Section 5, a distance of 2085.39 feet to a point lying Northwesterly 100.00 feet at a right angle to the Centerline of the West bound main track of the Atchison, Topeka and Santa Fe Railway Company, and said point being the true POINT OF BEGINNING:

Thence, North 89° 47' 47" West, along the South Line of said Section 5, a distance of 545.56 feet to the South One-quarter (S1/4) Section Corner of said Section 5:

Thence, North 89° 56' 47" West, along the South Line of said Section 5, a distance of 318.28 feet to a point being the Easterly most corner to that parcel as described in Book 2176, Pages 737-742, Mohave County Official Records;

Thence, North 32° 04' 52" West, along the Easterly Boundary of said parcel being described in said Book 2176, pages 737-742, a distance of 1222.65 feet to a point;

Thence, South 57° 55' 08" West, along the Northwesterly Boundary of said parcel being described in said Book 2176, Pages 737-742, a distance of 1946.45 feet to a point on the South Line of said Section 5;

Thence, North 89° 56' 47" West, along said South Line, 21.34 feet to the Southwest Corner of said Section 5;

Thence, North 00° 09' 33" West, along the West Line of said Section 5, a distance of 2641.78 feet to the West One-quarter (W1/4) Section Corner of said Section 5;

Thence, South 89° 59' 48" East, along the East-West Centerline of said Section 5, a distance of 2640.17 feet to the Center One-quarter (Ctr. 1/4) Section Corner of Section 5;

Thence, North 00° 06' 59" West, along the West Line of said Government Lot 10, a distance of 1320.83 feet to the Northwest Corner of said Government Lot 10;

Thence, South 89° 59' 35" East, along the North Line of said Government Lot 10, a distance of 514.46 feet to a point on the Southwesterly Boundary of that parcel of land as described in Book 797, Pages 491-495, Official Records;

Thence, South 38° 18' 23" East, along said Southwesterly Boundary, 248.90 feet to the Southerly most corner of said parcel;

Thence, North 51° 32' 32" East, along the Southeasterly Boundary of said parcel being described in Book 797, Pages 491-495, a distance of 313.96 feet to the North Line of said Government Lot 10;

EXHIBIT A

Page 3 of 3

LEGAL DESCRIPTION "F-3" (continued):

Thence, South 89° 59' 35" East, along said North Line, 402.15 to a point being common the Northeast Corner of said Government Lot 10 and the Northwest Corner of said Government Lot 9;

Thence, North 89° 59' 23" East, along the North Line of said Government Lot 9, a distance of 310.12 feet to a point;

Thence, South 00° 06' 23" East, 1322.26 feet to a point being the Northerly most point of that parcel being described in Book 56, Page 417 of Deeds, Mohave County Records, and said point being on a curve concave to the Northwest, the radius point of which bears North 50° 02' 29" West, 530.00 feet;

Thence, Southwesterly 163.46 feet along the arc of said curve being the Northwesterly Boundary of said parcel as described in said Book 56, Page 417 of Deeds to the point of tangency of said curve;

Thence, South 57° 37' 46" West, along last said Northwesterly Boundary, 528.87 to the Westerly most corner of said parcel as described in Book 56, Page 417 of Deeds;

Thence, South 57° 05' 44" East, along the Southwesterly Boundary thereof, 330.69 feet to a point on the Southeasterly Boundary of a perpetual easement for Interstate 40 granted to the State of Arizona by the Atchison, Topeka and Santa Fe Railway Company and described in Book 36, Pages 91-94 of Deeds;

Thence, South 29° 45' 37" West, along said Southeasterly Easement Boundary, 371.30 feet to a point;

Thence, South 64° 11' 14" East, 451.41 feet to a point being 100.00 feet Northwesterly at a right angle from the Centerline of the West bound main track of the Atchison, Topeka and Santa Fe Railway Company;

Thence, South 32° 54' 09" West, along a line being Northwesterly 100.00 feet and parallel to the Centerline of the said West bound main track, a distance of 1852.73 feet to the true POINT OF BEGINNING.

The parcel of land herein described containing 251.21 acres, more or less.

EXHIBIT B
NUCOR SITE
Page 1 of 2

LEGAL DESCRIPTION "F-1":

A parcel of land located in the West Half and the West Half of the East Half of Section 4, the Southeast Quarter and Government Lot 9 of Section 5, and the Northwest Quarter of Section 9 all in Township 20 North, Range 17 West of the Gila and Salt River Meridian, Mohave County, Arizona and said parcel of land being more particularly described as follows:

BEGINNING at the Southeast Corner of said Section 5, and running thence, North 89° 47' 47" West, along the South Line of said Section 5, a distance of 1847.73 feet to a point lying Southeasterly 100.00 feet at a right angle to the centerline of the existing West bound main track of the Atchison, Topeka and Santa Fe Railway Company;

Thence, North 32° 54' 09" East, along a line being Southeasterly 100.00 feet and parallel to the centerline of said West bound main track, a distance of 3395.41 feet to a point common to the East Line of said Section 5 and the West Line of said Section 4;

Thence, continuing North 32° 54' 09" East, along the line being Southeasterly 100.00 feet and parallel with the centerline of said West bound main track, 2582.07 feet to a point of curvature of a curve to the right having a radius of 5629.65 feet;

Thence, Northeasterly, 569.02 feet, along the arc of said curve through a central angle of 05° 47' 28.5" to a point on the Southeasterly Boundary of the Unawep Patented Mineral Claim as delineated by U.S. Mineral Survey 2750;

Thence, South 38° 12' 00" East, along the Southwesterly Boundary of said Unawep Mineral Claim, 1064.18 feet to the Southeasterly Corner thereof;

Thence, North 51° 48' 33" East, along the Southeasterly Boundary of said Unawep Mineral Claim, 300.02 feet to a point being the Northwesterly corner of the Cadillac Patented Mineral Claim as delineated by U.S. Mineral Survey 2750;

Thence, South 37° 59' 27" East, along the Southwesterly Boundary of said Cadillac Mineral Claim, 66.55 feet to a point being Northwesterly 100.00 feet at a right angle to the centerline of the East bound main track of the Atchison, Topeka and Santa Fe Railway Company;

Thence, South 11° 44' 40" West, along a line being Westerly 100.00 feet and parallel to the centerline of said East bound main track, a distance of 307.09 feet to a point of curvature of a curve to the left having a radius of 2964.93 feet;

Thence, Southwesterly 831.27, along the arc of last said curve through a central angle of 16° 03' 50" to the point of tangency of said curve;

Thence, South 04° 19' 10" East, along a line being Westerly 100.00 feet and parallel to the centerline of said East bound main track, 2081.46 feet to a point of curvature of a curve to the right having a radius of 2764.93 feet;

EXHIBIT B
NUCOR SITE
Page 2 of 2

LEGAL DESCRIPTION "F-1" (continued):

Thence, Southwesterly 1420.64, along the arc of last said curve through a central angle of $29^{\circ} 26' 20''$ to the point of tangency of said curve;

Thence, South $25^{\circ} 07' 10''$ West, along a line being Westerly 100.00 feet and parallel to the centerline of said East bound main track, 215.18 feet to a point being common to the South Line of said Section 4 and the North Line of said Section 9;

Thence, South $25^{\circ} 07' 10''$ West, along a line being Westerly 100.00 feet and parallel to the centerline of said East bound main track, 2917.39 feet to a point on the South Boundary of the Northwest Quarter of said Section 9;

Thence, South $89^{\circ} 58' 03''$ West, along said South Boundary, 1113.28 feet to the West One-quarter (W1/4) Section Corner of said Section 9;

Thence, North $00^{\circ} 14' 02''$ West, along the West Line of said Section 9, a distance of 2638.64 feet to the POINT OF BEGINNING;

The parcel of land herein described containing 433.54 acres, more or less.

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